

Message Text

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14

ACTION EB-11

INFO OCT-01 AF-10 EUR-25 ADP-00 AID-20 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-03 ABF-01 PA-03 USIA-15 PRS-01 RSR-01

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R 191237Z JUL 73

FM AMEMBASSY PRETORIA

TO SECSTATE WASHDC 8320

INFO AMEMBASSY BERN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMCONSUL CAPE TOWN

AMCONSUL DURBAN

AMCONSUL JOHANNESBURG

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E.O. 11652: N/A

TAGS: EFIN, SF

SUBJ: SA GOLD AND FOREIGN EXCHANGE RESERVES

REF: PRETORIA 2197

1. REPORTED SA RESERVE BANK HOLDINGS FOR WEEKS ENDING JUNE 30
AND JULY 6 AS FOLLOWS (IN MILLION RAND):

	JUNE 29	JULY 6
GOLD	562.9 (PLUS 0.1)	563.8 (PLUS 0.9)
FOREIGN EXCHANGE	633.0 (PLUS 1.9)	645.2 (PLUS 12.3)
TOTAL	1,195.9 (PLUS 2.0)	1,209.0 (PLUS 13.1)

INCREASE IN RB GOLD

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HOLDINGS AS PERCENTAGE

OF ESTIMATED WEEKLY PRO-
DUCTION 0.63 PERCENT 5.73 PERCENT

2. LOCAL PRESS REPORTS THAT SA FINANCE MINISTER DIEDERICH'S ADDRESSING THE FRENCH CHAMBER OF COMMERCE AND INDUSTRY IN PARIS ON JULY 5 REAFFIRMED HIS LONGSTANDING VIEW THAT AN INCREASE IN THE OFFICIAL GOLD PRICE IS AN ESSENTIAL FOR MONETARY REFORM, SUGGESTING THAT THIS PRICE MIGHT BE \$150 PER OUNCE. DIEDERICH'S REPORTEDLY ADDED THAT HE PERCEIVED NO CONFLICT BETWEEN ENVISAGING AN EVENTUAL DEMONETIZATION OF GOLD AND ACCEPTING THE CASE FOR AN INCREASE IN THE PRESENT MONETARY PRICE.

3. PRESS ANALYSIS OF MINING QUARTERLY REPORTS SHOWS FURTHER SUBSTANTIAL INCREASE IN AFTER-TAX PROFITS IN SPITE OF THE REPORTED DECREASE IN TOTAL GOLD PRODUCTION OVER 1972 LEVELS. QUALITY OF ORE PROCESSED IN THE SECOND QUARTER REMAINED BELOW 1972 LEVELS BUT WAS ESSENTIALLY THE SAME AS IN THE FIRST QUARTER. FOLLOWING ARE COMPARATIVE FIGURES AS PUBLISHED IN THE PRESS.

QUARTER ENDING	SEPT 72	DEC 72	MAR 73	JUN 73
TONS MILLED (M)	18.5	17.5	17.8	19.1
YIELD PER TON (G)	12.50	12.39	11.80	11.78
GOLD OUTPUT (KG)	231,595	219,350	209,963	209,721
WORKING COSTS				
PER TON (R)	8.80	9.17	9.71	9.94
AFTER-TAX PROFIT				
PER TON MILLED (R)	5.16	5.25	5.06	6.77

4. FURTHER DECLINE OF THE DOLLAR, TO WHICH THE RAND RATE IS PEGGED, FOLLOWING THE JUNE 5 RAND REVALUATION PROMPTED SOME PRESS SPECULATION IN EARLY JULY ABOUT A FRESH REVALUATION. HOWEVER, THE RECOVERY OF THE DOLLAR DURING THE WEEK ENDING JULY 13 WOULD SEEM TO HAVE MADE A FURTHER RAND ADJUSTMENT LESS LIKELY FOR THE TIME BEING. ON JULY 17 THE RAND WAS OVER 7 PERCENT DOWN ON THE GERMAN MARK COMPARED WITH THE PRE-JUNE ADJUSTMENT RATE BUT - CONSISTENT WITH DOLLAR RATE DEVELOPMENTS IN WORLD MARKETS - THE RAND STILL STOOD OVER 6 PERCENT UP ON STERLING AND OVER 5 PERCENT UP ON THE YEN COMPARED WITH JUNE 4.

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HURD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 19 JUL 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973PRETOR02493
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: PRETORIA
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19730723/aaaaaqoo.tel
Line Count: 108
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 73 PRETORIA 2197
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 03 OCT 2001
Review Event:
Review Exemptions: n/a
Review History: RELEASED <03-Oct-2001 by elyme>; APPROVED <03-Dec-2001 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: SA GOLD AND FOREIGN EXCHANGE RESERVES
TAGS: EFIN, SF
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005